By: Longoria H.B. No. 3448

## A BILL TO BE ENTITLED

1	AN ACT
2	relating to single premium term life insurance offered in
3	connection with certain consumer loans.
4	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
5	SECTION 1. Subchapter I, Chapter 342, Finance Code, is
6	amended by adding Section 342.4022 to read as follows:
7	Sec. 342.4022. SINGLE PREMIUM TERM LIFE INSURANCE. (a) On
8	a loan made under this chapter that is subject to Subchapter E, a
9	<pre>lender:</pre>
10	(1) may, through a properly licensed insurance agent,
11	offer a borrower single premium term life insurance;
12	(2) may not require the borrower to accept the
13	insurance described by Subdivision (1);
14	(3) shall provide the borrower with the option to pay
15	the insurance premium from the borrower's own funds or to pay the
16	premium with a portion of the loan proceeds; and
17	(4) before completing the transaction, shall provide
18	to and review with the borrower a disclosure that specifies:
19	(A) the total dollar amount of the term life
20	insurance premium, and a comparison between:
21	(i) the amount of the payment due on the
22	loan with the additional purchase of the term life insurance
23	<pre>policy; and</pre>
24	(ii) the amount of the payment due on the

- 1 loan without the additional purchase of the term life insurance
- 2 policy; and
- 3 (B) if there is any shared interest or ownership,
- 4 including any common third-party ownership, between the insurance
- 5 company and the lender, then the lender must disclose the fact of
- 6 the shared interest or ownership.
- 7 (b) The finance commission by rule shall prescribe the form
- 8 and the content of the disclosures required by Subsection (a)(4).
- 9 SECTION 2. Section 342.407, Finance Code, is amended to
- 10 read as follows:
- 11 Sec. 342.407. REQUIREMENTS FOR INCLUDING INSURANCE CHARGE
- 12 IN CONTRACT. Insurance for which a charge is included in a loan
- 13 contract must be written:
- 14 (1) at lawful rates;
- 15 (2) in accordance with the Insurance Code; [and]
- 16 (3) by a company authorized to do business in this
- 17 state; and
- 18 (4) through an insurance agent licensed in accordance
- 19 with the Insurance Code, if the included charge is offered under
- 20 Section 342.4022 of this code.
- 21 SECTION 3. Section 342.412, Finance Code, is amended to
- 22 read as follows:
- Sec. 342.412. ACTION UNDER SUBCHAPTER NOT SALE OF
- 24 INSURANCE. Except for the sale of a single premium term life
- 25 insurance policy to a borrower under Section 342.4022, arranging
- 26 [Arranging] for insurance or collecting an identifiable charge as
- 27 authorized by this subchapter is not a sale of insurance.

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- 1 SECTION 4. Section 342.4022, Finance Code, as added by this
- 2 Act, applies only to an insurance policy that is delivered, issued
- 3 for delivery, or renewed on or after January 1, 2018. A policy
- 4 delivered, issued for delivery, or renewed before January 1, 2018,
- 5 is governed by the law as it existed immediately before the
- 6 effective date of this Act, and the former law is continued in
- 7 effect for that purpose.
- 8 SECTION 5. This Act takes effect January 1, 2018.